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June 5, 2021

San Juan County Council

CC: San Juan Islands Community Network, Erika Shook, Adam Zack

RE: Recent developments in Nantucket and Lake Oswego

Dear Council Members:

On Saturday, June 5, 2021, Nantucket, Massachusetts, held a Town Hall meeting during which residents voted on a number of Articles. Among them, was Article 90, designed to place several restrictions on vacation rentals. Had Article 90 passed, the number of VRs in Nantucket would have been greatly reduced. It did not pass. In fact, it failed by an unequivocal 625 to 297 vote, and for what I believe were wise reasons, reasons that are remarkably like what members of our own community have been saying in response to the moratorium placed on our own VRs. I suggest we study their reasons and follow their lead.

As you are well aware, the Nantucket Study, done over 20 years ago, has been central to some of the arguments made by the vacation rental work group. Though it does not even mention vacation rentals at all, though it speaks only to growth, those who advocate for further restrictions on our own vacation rentals point to this study as if it were a warning of the dangers facing our own islands should vacation rentals not be further restricted. For this reason, I believe it is pretty darn interesting to note what happened in that Nantucket vote on June 5.

The Nantucket community rightly concluded that short-term rentals were the wrong target for mitigating the negative impact of tourism and growth on their island.

Here is what they discovered:

1. Short-term rentals absolutely do not deplete the inventory of affordable housing. In fact, in the words of one Nantucket resident who monitored this claim, "Not one short-term rental would be converted to an affordable home." While we might notice a few conversions in our own community, Nantucket

discovered what we've been saying: short-term rentals and affordable housing are different products.

2. Allowing only residents of the island to rent out their properties as short-term rentals has hidden but deeply harmful consequences. It ensures that only those who can afford to buy or build outright can move here, greatly widening the gap between rich and poor. Ironically, this would make worse a problem we are trying to solve! It harms those who have had family homes here for years and whose family members come here for gatherings and special events when they can, and who intend to pass their well loved home down to their children. These people are often beloved members of our community whom we welcome back when they visit. It harms those who bought years ago and use the rental option as a way to gradually be able to afford to retire here. One woman at the Nantucket meeting cried, "So what happens when my elderly mother on the mainland finally gets sick enough that I will have to leave for a year or so to take care of her? Will I then be required to sell the home I cannot afford to keep because I can't rent it out?" Such restrictions likely violate important property rights like hers.
3. Further tax increases as a means of restricting VRs is unwise. VR owners would be forced to raise their rates making it more likely that only the wealthy will be able to visit. Those visitors who come to see family, who have moved away and want to return to visit friends, and many others would be priced right out of the market, the Nantucket people pointed out. One member of the Nantucket community who voted Yes on Article 90, said, "Maybe we only WANT to attract the people to our community who can afford to buy or rent here." Is THAT the kind of attitude we want on our islands?
4. Those who voted no on Article 90 included business owners who knew they could be financially ruined by limiting VRs and residents who appreciate and use those services as well. While we, here on our islands, might longingly dream that we might return to "the way things were," the fact is things have changed. We have built our own community, in part, around those tourist dollars. It would be naive to think that restricting tourists and their dollars will return us to an idyllic past and that we would not witness pain we would cause to members of our own community, including short-term rental owners who are making a modest income from their property. One Nantucket resident remarked, "Why are people complaining about the folks who earn a little from renting?" And Nantucket studied whether or not it is true that investors are sweeping in and buying up houses to rent and make big money. They

discovered, just as is the case in the San Juans, that such claims are baseless and simply stoke fear.

So Nantucket made the right decision. Other than having to register if you are a VR owner and to pay the taxes that go with that, they did not further restrict their vacation rentals. And here's an important point you have heard from us before: we actually, HAVE, restricted our vacation rentals. We simply must enforce those regulations and then monitor to wage their success.

While I was writing this letter to you, yet another community made the right decision regarding VRs. On June 1, Lake Oswego voted to allow short-term rentals in their community. Two years ago, they decided to try allowing them for two years and to see if it would be a good idea. They monitored complaints. There weren't any. They noticed the benefit of the transient lodging taxes that flowed into their budgets and that they were good for businesses, good for property owners who needed to supplement their income a bit, and all this even during a pandemic. They noticed that removing the sunset clause in the two year trial period would bring stability to the owners. And in the words of one of their residents who tried renting out his property, "I would simply say to really echo what director Siegel (the Director of their Planning and Building Services) has said: The last two years has been a glowing success," [and added that] hosting guests was a great experience and a credit to the types of hosts and people who decide to visit. . . "

Let's follow the lead of those who have gone before us. Lift the moratorium on vacation rentals. Do not place CAPS that would hold us to our current or even less than current levels and would not allow for reasonable growth. Turn our attention to the real solutions to the concerns we all share.

Warmly,
Linda Bannerman